**Incentives to consumer for saving Power**

854. SHRI B. J. PANDA : Will the Minister of POWER be pleased to state :

(a) the action plan of Government, as announced by the Prime Minister, to conserve 30 per cent power through efficient use;

(b) whether any kind of incentives will be offered to consumers who help in saving power; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA) : (a) The Action Plan envisages achieving the target of 30 perecent consumption reduction in Central Government buildings and its establishments in next five years by adopting energy efficiency measures.

(b) and (c) Government of India confers Energy Conservation Awards every year to the Industries for their achieving high standards in energy savings.

**Improving efficiency in power generation**

855. SHRI B. J. PANDA : Will the Minister of POWER be pleased to state :

(a) whether global consultant firm Mckinsey and Company has observed that India can save $12 billion by 2005 by improving effciency in power generation and removing transmission bottlenecks and distribution breakdowns, as reported in the Financial Express of 26th August, 2002;

(b) if so, the detailed recommendations made in their report ''Creating Momentum for change in India''; and

(c) the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) Yes, Sir.

(b) The report has emphasised the need for accelerating power sector reforms with emphasis on privatisation specially of distribution. It has recommended a three-phased approach, the summary of which is given in the statement (*See* below).

(c) Power Sector Reforms are being pursued vigorously. Many of the suggestions made in the CII report form part of the reform programme under implementation.

***Statement***

*Summary of three phased approach*

**Phase : I Complete the groundwork**

Before proceeding with change, several critical elements need to be in place. A structural model for the sector needs to be developed and agreed upon. Broad consenses is required to be forged amongst stakeholders such as the unions, consumer groups, political parties and the bureaucracy. Several ground realities of the sector need to be better understood through objective audits, eg. demand and load curves, actual losses and the technical health of generation, transmission and distribution assets. Regulators and the regulatory framework need strengthening and some changes. A common legal basis for deregulation needs to be established. Finally, and perhaps most important, the states need to be aligned around a reform agenda that must include an explicit commitment to privatisation of the SEBs as well as support for an overall structural model for the sector.

**Phase 2 : Unbundle, corporatise and privatise**

The restructuring programme must being with reform of the SEBs. Following unbundling, the SEB generation capacity should be transferred to its natural owners, with a view to ensuring greater operating efficiency. The buyers could be in the private or public sector. National transmission should be restructured into five regional grids, each with responsibilities for grid operation, grid stability and facilitating generator-distributor transactions. The grids should be recognised as regulated monopolies, and linked with the necessary interconnect protocols. SEB transmission assets should be included in the respective regional grids (or at a minimum, the state transmission grids should operate under the instructions of the regional load despatch centres). Distribution should be privatised after the technical audits, following a transparent process of bidding and disclosure. At this stage, regulations will need to be introduced to allow distribution companies to bid for additional generation capacity. Transmission and distribution companies will need to be regulated on the basis of performance-linked incentive sharing. In addition, fuel supply linkages for generators will need to be strengthened.

**Phase 3 : Accelerate the pace of reform**

Introduction of market mechanisms can begin once the unbundling has stabilised and efficiency gains have begun to be realised. In the third phase, customer choice should be introduced through phased customer eligibility. Wholesaler market mechanismus such as on an electricity pool or electricity exchanges can be introduced. Further unbundling of the value chain within each sub-sector will also be required, *e.g.* meter reading and plant maintenance. Regulatory mechanisms would also need to be further sharpened in this new regime.

**Privatisation of Power Generation and Distribution**

856. MISS MABEL REBELLO : Will the Minister of POWER pleased to State:

(a) the State-wise power projects in the country which have been privatized so far, for the last three years;

(b) the State-wise details regarding the privatization of power generation and distribution in the country;

(c) whether it has enabled States to reduce the power loss in transmission and distribution;

(d) if so, the State-wise decrease in transmission and distribution losses, for the last two years; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF POWER

( SHRIMATI JAYAWANTI MEHTA ) : (a) No privatisation of any power project during the last three years have been reported.

(b) Electricity is a concurrent subject and distribution is the responsibility of the State Government. As per information available, 18 companies are engaged in the distribution of power in the public sector and 11 in the private sector. Details are given in Statement I (*See* below).

(c) to (e) Statement II showing T and D losses for the period 1997-98 to 1999-2000 is enclosed (*see* below). It has been noted that reforming States, after detailed studies conducted into their operation, have reported higher T and D losses compared to figures before restructuring. The apparent increase in reporting of Transmission and Distribution losses by most of the SEBs is on account of a more realistic assessment of losses within the network. Since a